



3 1223 07661 9825

FRANCISCO

LER

5/S



San Francisco Public Library

Government Information Center
San Francisco Public Library
100 Larkin Street, 5th Floor
San Francisco, CA 94102

REFERENCE BOOK

Not to be taken from the Library

Audits Division

AIRPORT COMMISSION:

DOCUMENTS DEPT.

JUL - 1 2004

Concession Audit of
Gotham Foods Two, LLC

SAN FRANCISCO
PUBLIC LIBRARY

TY AND

OFF

D
REF
647.9579
Sa578cg



Audit Number 03035
June 29, 2004

Audits Division

**AIRPORT
COMMISSION:**

DOCUMENTS DEPT.

JUL - 1 2004

Concession Audit of
Gotham Foods Two, LLC

SAN FRANCISCO
PUBLIC LIBRARY



Audit Number 03035
June 29, 2004



CITY AND COUNTY OF SAN FRANCISCO

**OFFICE OF THE CONTROLLER
AUDITS DIVISION**

**Ed Harrington
Controller**

**Monique Zmuda
Deputy Controller**

June 29, 2004

Audit Number 03035

San Francisco Airport Commission
P. O. Box 8097
San Francisco International Airport
San Francisco, CA. 94128-8097

President and Members:

The Office of the Controller presents its report concerning the concession audit of Gotham Foods Two, LLC (Gotham), doing business as Firewood Café. Gotham has a lease with the Airport Commission of the City and County of San Francisco to operate a restaurant at the San Francisco International Airport.

Reporting Period: December 10, 2000, through December 31, 2003

Rent Paid: \$195,864

Result:

Gotham correctly reported gross revenues of \$2,522,569 and, in all material respects, correctly paid its rent to the Airport Department.

Respectfully submitted,

Noriaki Hirasuna
Director

INTRODUCTION

BACKGROUND

Gotham Foods Two, LLC (Gotham), doing business as Firewood Café, has a nine-year and eleven-month lease that commenced on December 10, 2000, with the Airport Commission (commission) to operate a restaurant at the San Francisco International Airport. The lease requires Gotham to pay the Airport Department (Airport) the greater of a minimum annual guarantee or a specified percentage of its gross revenues. For the period from December 10, 2000, through September 10, 2001, the percentage rent was 12 percent of gross revenues up to and including \$600,000, plus 14 percent of gross revenues over \$600,000 up to and including \$1,000,000, plus 18% of gross revenues over \$1,000,000. Effective September 11, 2001, the percentage rent is 6 percent of gross revenues up to and including \$1,000,000, plus 8 percent of gross revenues over \$1,000,000 up to and including \$1,500,000, plus 10% of gross revenues over \$1,500,000. During the audit period, Gotham's minimum annual guarantee was \$47,720.

SCOPE AND METHODOLOGY

The purpose of our audit was to determine if Gotham complied with the reporting and payment provisions of its lease with the commission during the period from December 10, 2000, through December 31, 2003. To conduct the audit, we reviewed the applicable terms of the lease and the adequacy of Gotham's procedures for recording, summarizing, and reporting its gross revenues to the Airport. To determine whether Gotham accurately reported its gross revenues to the Airport, we tested on a sample basis Gotham's monthly sales summaries and daily sales reports. We also determined whether Gotham has any outstanding payments due to the Airport for the audit period.

AUDIT RESULTS

GOTHAM CORRECTLY REPORTED ITS GROSS REVENUES AND PAID ITS RENT

From December 10, 2000, through December 31, 2003, Gotham correctly reported gross revenues of \$2,522,569 and, in all material respects, correctly paid rent of \$195,864 to the Airport. The table below shows the reported gross revenues and rent Gotham paid to the Airport.

TABLE

Gross Revenues and Rent Paid
December 10, 2000, Through December 31, 2003

	Gross Revenues	Rent Paid
December 10, 2000, through June 30, 2001	\$ 440,973	\$ 52,917
July 1, 2001, through June 30, 2002	828,479	64,223
July 1, 2002, through June 30, 2003	787,875	50,606
July 1, 2003, through December 31, 2003	465,242	28,118
Total	\$2,522,569	\$195,864

We conducted this review according to the standards established by the Institute of Internal Auditors. We limited our review to those areas specified in the audit scope section of this report.

Staff: Elisa Sullivan, Audit Manager
Lorita Chung

cc: Mayor
Board of Supervisors
Civil Grand Jury
Public Library

